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Turkey

CITRUS ANNUAL

Turkey-Citrus Annual-2009

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Report Highlights:
MY 2008 and MY 2009 were both rather good years for citrus production. The production of all citrus fruit, except grapefruit, increased slightly in MY 2009. Iraq became a very significant market and exports to Iraq increased tremendously.

Executive Summary:
Production of all citrus fruits, except grapefruit, increased slightly in MY 2008 compared to MY 2007. In MY 2008, orange production increased by 9 percent and is predicted to continue increasing slightly

in MY 2009 as well. Tangerine and lemon productions also increased in MY 2009. Grapefruit production decreased slightly in MY 2008 but it recovered significantly in MY 2009.

In MY 2008 orange exports increased about 66 percent compared to the previous year. In particular, exports to Iraq increased about three-fold compared to MY 2007. Lemon exports also increased in MY 2008 and reached 350,000 MT. Even though lemon production is not predicted to increase in MY 2009, exports are expected to increase slightly. MY 2008 was not a very good year for grapefruit exports and this is predicted to continue in MY 2009 as well. Exports are estimated to decrease to 110,000 MT in MY 2009.

Commodities:
Oranges, Fresh
Orange Juice
Tangerines/Mandarins, Fresh
Lemons, Fresh
Grapefruit, Fresh

Production:
Oranges traditionally account for almost half of the citrus production in Turkey. Tangerines and lemons follow oranges accounting for about 23 percent each. Grapefruit are usually only about 5 percent of overall production. This trend in production did not change significantly in Marketing Year (MY) 2008 and is not predicted to change in MY 2009.

Production of all citrus fruits, except grapefruit, increased slightly in MY 2008 compared to MY 2007. In MY 2008, orange production increased by 9 percent from MY 2007 and reached 1,560,000 MT. This was mostly due to favorable weather conditions for oranges helping production to bounce back to normal levels. Orange production is predicted to be about the same as MY 2008 and 1,580,000 MT in MY 2009.

Tangerine production increased slightly in MY 2008 compared to MY 2007 and reached 756,000 MT. The production of the Satsuma variety recovered from lower MY 2007 levels due to more favorable conditions. The production of tangerines is predicted to be 750,000 MT in MY 2009.

As expected, lemon production increased about 4 percent in MY 2008 compared to the previous year. Lemon production was 680,000 MT in MY 2008. In MY 2009 production is predicted to be about the same as in MY 2008, about 90,000 MT.

Contrary to expectations, grapefruit production decreased slightly in MY 2008 compared to MY 2007, reaching only160,000 MT. Production, however, recovered significantly in MY 2009. Producers estimate that grapefruit production is going to increase about 12 percent in MY 2009 and reach 180,000 MT.

In recent years farmers have been interested in establishing new orchards, due to low returns from other commodities in the major citrus growing areas, and the higher export potential of citrus. The Mediterranean Region accounts for about 90 percent of all citrus grown in Turkey, and the Aegean Region accounts for most of the remainder.

The main varieties of oranges grown in Turkey are Washington Navel, which are about 75 percent of the crop, and Valencia, which are about 20 percent. The main variety of lemons produced are Enterdonate, which is the primary export variety, and comprises about 40 percent of total lemon production. Star Ruby is the main grapefruit variety, at about 50 percent of the total, and Satsuma is the main tangerine variety, at about 60 percent of the total.

The primary production zone is Cukurova which produces 70 percent of all citrus grown in Turkey. The three provinces that make up Cukurova specialize in certain citrus products:

- Hatay Province- southern part which specializes in oranges,
- Adana Province - central part which specializes in oranges, tangerines and grapefruit,
- Mersin Province - western part which specializes in lemons.

Antalya province, located in the west of Cukurova, produces about 20 percent of all citrus in Turkey. The major crop is oranges and about 30 percent of all orange produced in Turkey are from this region. Recently, heavy rains and hale hit some parts of Antalya. Some citrus orchards were affected by these unfavorable conditions.

Izmir is the leading citrus producing province in the Aegean Region and about 5 percent of all citrus grown in Turkey is from this province. Tangerines are the major crop of the region and 15 percent of all tangerines produced in Turkey are from the Izmir area.

The production of all citrus has been increasing steadily in the past 20 years, especially since the year 2000. Since then the growth in production has been extraordinary, mainly due to the increasing number of citrus orchards.

There are no official statistics about the quantity of citrus going into processed products, such as juice, but industry contacts estimate that about seven percent of total orange production is used to make orange juice concentrate. Fresh squeezed juice (from small stands) is popular especially during the tourism season.

Traditionally processing of lemons, tangerines and grapefruits has been minimal. However, especially in MY 2008, there has been increasing interest in lemonade consumption. This led to a higher volume of lemons being used in processing facilities. The usage of lemon in the processing sector increased by about 50 percent in MY 2008 compared to the previous year and is predicted to increase in MY 2009 as well.

Consumption:

Domestic consumption of citrus fruit is already high in Turkey, however consumption of citrus, as well as other fruit, has increased steadily in recent years as per capita income has increased. Approximately 60 percent of all citrus fruit is consumed domestically; seven percent is used for industrial purposes and the rest is exported. Currently per capita consumption of citrus in Turkey is about 30 kilograms (66 lb) annually, nearly all of which is consumed as fresh fruit. Citrus consumed as juice is still quite low compared to some other citrus growing countries, as there are many competing non-citrus juices such as cherry, apricot, peach, etc.

There is a significant potential to increase sales to the tourism sector in the southern parts of Turkey. There is an increasing number of tourists coming to Turkey every year and this sector utilizes mainly processed but also fresh citrus fruits.

Trade:
Citrus has traditionally been Turkey's leading fresh fruit export as they are competitive internationally. MY 2008 was a very good year for citrus exports in general. This was mainly due to increasing export volumes to Iraq and the Russian Federation.

In MY 2008 orange exports increased about 66 percent compared to the previous year. Orange exports increased to 249,000 MT in MY 2008. In particular, exports to Iraq increased about three-fold compared to MY 2007 and reached 61,000 MT in MY 2008. In MY 2009 orange exports are predicted to be about the same as in MY 2008.

Tangerine exports also increased significantly in MY 2008, from 224,000 MT in MY2007 to 382,000 MT in MY 2009. This was also mainly due to an increasing export volume to Iraq. Exports to Iraq increased about 5 times compared to the previous year and reached 53,000 MT. The Russian Federation also continued to be the leading export destination. In MY 2009 tangerine exports are expected to increase slightly and reach 400,000 MT.

Lemon exports also increased in MY 2008 and reached 350,000 MT from 220,000 MT in MY 2007. Turkish exporters were able to compete better in MY 2008. Some traders report this was due to lower production in other producing countries. Even though lemon production is not predicted to increase in MY 2009, exports are expected to increase slightly.

MY 2008 was not a very good year for grapefruit exports and this is predicted to continue in MY 2009 as well. Grapefruit production did not decrease in MY 2008 as predicted. However, the size of the grapefruits has not met the expectations of importing countries. Exports are estimated to decrease to 110,000 MT in MY 2009.

In MY 2008 Russia continued to be the leading export destination for Turkish citrus. Iraq Romania, Ukraine and Saudi Arabia were other top export destinations.

Stocks:
Since little citrus is processed, stocks of fresh citrus generally are not significant. Wholesalers, however, often prolong the season by storing citrus, primarily lemons, in cold storage or in caves, particularly in Central Anatolia. Stocks of citrus products are limited and are comprised largely of orange juice concentrates.

Policy:
Production Policy

There are no citrus-specific production support programs. The government provides support to any producer who establishes any kind of fruit orchard using certified seedlings. The government-sponsored Exporters' Unions play a role in market promotional activities, however this mostly entails market research.

In addition, the Mediterranean Exporters' Union, Adana Farmers' Union and Adana Yuregir Citrus Producers Union (AYTUB) play significant roles in keeping statistical information, communicating producers' problems to government officials, and conducting research.

One of the problems the producers face is a lack of new varieties of citrus, however the Ministry of Agriculture and Rural Affairs' Agricultural Research Institutes, along with Cukurova University, conduct research on improved varieties and better horticultural practices. These researchers help identify better varieties for export and improved agricultural practices, as an attempt to increase their export potential. Individual large-scale growers also experiment with new varieties and have been responsible for the introduction of some new varieties.

Trade Policy

The Turkish government makes support payments to exporters, and the rates vary each year. Each citrus crop was given USD 100 per MT exported in MY 2008. The government makes payments to a special account, which the exporter can use only to make tax and social security payments as well as utilities such as telecommunications, electricity, and natural gas.

In order to protect domestic producers the government kept 2007 customs duties in place for orange juice imports (based on the brix level). The Turkish government maintains a 54 percent duty on all types of fresh citrus imports.

Marketing:

Marketing of fresh citrus and orange juice in domestic and international markets is handled entirely by the private sector. Transportation is a major issue in the marketing of fresh citrus. Domestically consumed citrus is transported in open trucks with minimal packing. However, the citrus packed for export is transported in refrigerated trucks.

There are three channels for citrus distribution: It can go from a producer to a wholesaler, who then sells either directly to consumers in local wet markets or to a broker. The broker then sells to a retailer who eventually markets it to the consumers. Sometimes the producer sells directly to the broker who then sells it to the retailer. The wholesale markets play a significant role in the marketing chain. Citrus producers or exporters do not have a nationwide organization for marketing.

Production, Supply and Demand Data Statistics:

Oranges, Fresh Turkey	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data	Jan Data	
Area Planted	51,00	51,00	51,20	51,00	51,00	51,60		51,70	(HECTARES)

	0	0	0	0	0	0		0	
Area Harvested	47,300	47,300	48,000	47,400	47,400	50,000		50,000	(HECTARES)
Bearing Trees	12,221	12,221	12,400	12,250	12,250	13,000		13,000	(1000 TREES)
Non-Bearing Trees	910	910	950	900	900	1,000		1,000	(1000 TREES)
Total No. Of Trees	13,131	13,131	13,350	13,150	13,150	14,000		14,000	(1000 TREES)
Production	1,427	1,427	1,427	1,450	1,450	1,560		1,580	(1000 MT)
Imports	0	0	0	0	0	0		0	(1000 MT)
Total Supply	1,427	1,427	1,427	1,450	1,450	1,560		1,580	(1000 MT)
Exports	155	165	150	250	190	249		250	(1000 MT)
Fresh Dom. Consumption	1,172	1,162	1,177	1,100	1,160	1,211		1,230	(1000 MT)
For Processing	100	100	100	100	100	100		100	(1000 MT)
Total Distribution	1,427	1,427	1,427	1,450	1,450	1,560		1,580	(1000 MT)

Tangerines/Mandarins, Fresh Turkey	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data	Jan Data	
Area Planted	31,226	31,226	31,200	31,300	31,300	31,200		31,200	(HECTARES)
Area Harvested	27,400	27,400	27,400	27,450	27,450	27,450		27,450	(HECTARES)
Bearing Trees	8,936	8,936	8,936	9,400	9,400	9,100		9,100	(1000 TREES)
Non-Bearing Trees	1,064	1,064	1,064	1,150	1,150	1,170		1,200	(1000 TREES)
Total No. Of Trees	10,000	10,000	10,000	10,550	10,550	10,270		10,300	(1000 TREES)
Production	744	744	740	900	900	756		750	(1000 MT)
Imports	1	0	0	3	0	0		0	(1000 MT)
Total Supply	745	744	740	903	900	756		750	(1000 MT)
Exports	252	252	224	370	370	382		400	(1000 MT)
Fresh Dom. Consumption	493	492	516	533	530	374		350	(1000 MT)
For Processing	0	0	0	0	0	0		0	(1000 MT)
Total Distribution	745	744	740	903	900	756		750	(1000 MT)

Lemons/Limes, Fresh Turkey	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data	Jan Data	
Area Planted	25,200	25,200	25,200	25,200	25,200	25,200		25,200	(HECTARES)
Area Harvested	22,880	22,880	22,880	22,880	22,880	22,900		22,900	(HECTARES)
Bearing Trees	6,246	6,246	6,246	6,250	6,250	6,260		6,265	(1000 TREES)
Non-Bearing Trees	491	491	495	500	500	550		590	(1000 TREES)
Total No. Of Trees	6,737	6,737	6,741	6,750	6,750	6,810		6,855	(1000 TREES)
Production	652	652	652	685	685	680		680	(1000 MT)

Imports	4	0	0	3	0	0		0	(1000 MT)
Total Supply	656	652	652	688	685	680		680	(1000 MT)
Exports	286	286	220	320	300	350		400	(1000 MT)
Fresh Dom. Consumption	360	356	420	353	370	300		240	(1000 MT)
For Processing	10	10	12	15	15	30		40	(1000 MT)
Total Distribution	656	652	652	688	685	680		680	(1000 MT)

Grapefruit, Fresh Turkey	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data	Jan Data	
Area Planted	4,930	4,930	4,930	4,930	4,930	5,100		5,150	(HECTARES)
Area Harvested	4,707	4,707	4,707	4,700	4,700	4,800		4,800	(HECTARES)
Bearing Trees	1,016	1,016	1,019	1,000	1,000	1,020		1,020	(1000 TREES)
Non-Bearing Trees	68	68	70	65	65	65		65	(1000 TREES)
Total No. Of Trees	1,084	1,084	1,089	1,065	1,065	1,085		1,085	(1000 TREES)
Production	163	163	167	140	140	160		180	(1000 MT)
Imports	4	0	0	5	0	0		0	(1000 MT)
Total Supply	167	163	167	145	140	160		180	(1000 MT)
Exports	133	126	131	130	100	128		110	(1000 MT)
Fresh Dom. Consumption	34	37	36	15	40	32		70	(1000 MT)
For Processing	0	0	0	0	0	0		0	(1000 MT)
Total Distribution	167	163	167	145	140	160		180	(1000 MT)

Orange Juice Turkey	2007 2007/2008 Market Year Begin: Oct 2007			2008 2008/2009 Market Year Begin: Oct 2008			2009 2009/2010 Market Year Begin: Oct 2009		
	USDA Official Data		Old Post Data	USDA Official Data		Old Post Data	USDA Official Data	Jan Data	
Deliv. To Processors	100,000	100,000	100,000	100,000	100,000	100,000		100,000	(MT)
Beginning Stocks	1,200	1,200	1,200	1,100	1,100	1,100		1,100	(MT)
Production	8,700	8,700	8,700	8,800	8,800	8,800		8,800	(MT)
Imports	7,000	7,000	7,000	6,800	6,800	6,900		6,800	(MT)
Total Supply	16,900	16,900	16,900	16,700	16,700	16,800		16,700	(MT)
Exports	1,380	1,380	1,400	1,300	1,300	1,350		1,400	(MT)
Domestic Consumption	14,420	14,420	14,400	14,300	14,300	14,350		14,200	(MT)
Ending Stocks	1,100	1,100	1,100	1,100	1,100	1,100		1,100	(MT)
Total Distribution	16,900	16,900	16,900	16,700	16,700	16,800		16,700	(MT)

Author Defined:

Prices

The domestic market is very price sensitive and fluctuations in the price of citrus fruits affect consumption. According to industry sources, nearly half of Turkey's citrus crop is selected, graded, and packed for upscale domestic and export markets. About a dozen large-scale packing companies, with annual capacity of at least 15,000 MT, dominate the market. The packing business is very risky since packers pay fixed prices to growers against uncertain export receipts. There has been a great deal of turnover in the business during the last twenty years. Several packers have maintained their position by relying on production primarily from their own orchards. The remaining half of citrus production does not receive any selection and grading and is sold through wholesalers and retailers with only minimal or no packing.

Private packers handle marketing of all citrus crops. Packers previously began contracting in August and purchased the crop "on-the tree." Due to uncertainties in the market, packers have started contracting later and buying as much as they think they will sell. They estimate that about one half of the crop will be first or second grade destined for the upscale local market and/or export market. The remainder will be sold to regional wholesalers or supermarket chains. Combined losses from harvesting and processing are estimated at about five percent and added to domestic consumption figures. Farm gate prices vary a lot by production estimates, quality and location.